

## QUESTIONS

1. What is the appropriate bandwidth and penalties to insure accurate scheduling?  
***KPUD believes the penalties in the September 12<sup>th</sup> strawman proposal are adequate to insure accurate scheduling while simultaneously discouraging the generation imbalance provisions to cover for inaccurate scheduling.***
2. Should the 100 mill/kwh penalty rate be applied at some level of deviation, as in band 3?  
***KPUD believes the 100 mill band is not acceptable as a penalty factor. It does not track market and when market is near 100 mills the rate must be adjusted to remain a deterrent. The strawman proposal fixes this inequity and does not require continuation of the penalty..***
3. How should wind generators fit into an alternative rate design? Should wind be exempt from band 3?  
The recent rate case concluded that wind resources should be exempt from the 100 mill/kwh penalty rate for positive deviations.  
***KPUD believes that BPA should adopt a separate generation imbalance rate for renewable projects. KPUD suggests that Band 3 be assessed energy index plus or minus 15% for renewable projects as defined in the C&RD implementation manual section 5 page 28.***
4. Should other generators, as renewable resources or thermal plant during testing or startup, be exempt from band 3?  
***(See Above)***
5. For Spill conditions, should the current determination of when Spill is applied be changed from a monthly determination to a daily determination?  
The change means if Spill occurs for any hour during a day, then Federal System is in a Spill Condition for that day, and no credit will be given for negative energy deviations during that day.  
***KPUD does not have a strong opinion on this issue. The proposed change would have the effect of generators over estimating generation on days when spill conditions exist. If this is BPA wants to happen then the change is warranted.***
6. Should a change be made to settlement within the band (band 1 in example)? This band now has HLH and LLH deviation balance accounts and allows the customer to schedule return energy to bring the account balance to zero. If the account balance does not reach zero during the month, settlement is at the last 7 days average energy index price plus 10% for positive deviations and minus 10% for negative deviations. BPAT is proposing to change the business practice to have the settlement at the end of the month if the balance is not zero.

***The existing practice is not onerous and KPUD does not believe that a change is warranted.***

7. Should the same rate design apply to Energy Imbalance?

***Yes***